

Enterprise Zone Amendment Application

Applicant Locality(ies):

Name of Zone:

Zone Number:

Virginia Department of Housing and Community
Development
501 North Second Street
Richmond, Virginia 23219
(804) 371-7030
EZONE@dhcd.virginia.gov
www.dhcd.virginia.gov



Department of Housing and
Community Development

Overview of Amendment Application

Instructions for completing the coversheet and application can be found in the appendices beginning on page 12 of this document. Please read all of the appendices carefully before completing this application. The new enterprise zone statute establishes new zone amendment guidelines which are summarized below and outlined in detail in the appendices.

Each enterprise zone can consist of up to three non-contiguous zone areas. In cases where a locality has multiple zone designations (i.e. three enterprise zones in Richmond) each of those zones can consist of up to three non-contiguous geographic areas. In the case of joint zones, each locality's portion of the joint zone can consist of up to three non-contiguous geographic areas, but one of those three non-contiguous areas must be contiguous to at least one other participant's zone area. For more details, refer to page 15 in the appendix. There are no longer zone-specific distress criteria requirements in the amendment application; the zone-specific distress criteria have been removed from the amendment application process.

Enterprise zone amendment applications can be submitted once every twelve months from the date of the locality's last zone amendment. Joint zones may amend their zones in one application or independently so long as each locality amends their portion of the zone only once every twelve months from the date of that locality's last amendment. The locality submitting the amendment application must be up to date in its annual reporting requirements. **Once DHCD approves an enterprise zone amendment, the modifications to the zone are retroactive back to January 1st of the calendar year in which the amendment was approved. This means that businesses added via a boundary amendment approved in 2005 could submit grant applications for the 2005 grant year.**

Checklist of Required Attachments

Place the required attachments at the end of the amendment application. Unless otherwise specified, the attachment is required for all types of application amendments.

- ☐ Public Hearing Advertisements
- ☐ Official Public Hearing Minutes
- ☐ Local Assurances
- ☐ Resolution (If this is a joint zone, remember that all participating localities must submit approval resolutions, even if they are not amending their portion of the zone)
- ☐ Joint Application Agreement (Joint zones only)
- ☐ Maps (Boundary amendments only)
- ☐ Incentive charts (Incentive amendments only)

Coversheet

(For joint zone amendments, each locality must complete a separate coversheet)

<p>Locality:</p> <p>Government Address:</p> <p>Chief Elected Official (Name and Title):</p> <p>Local Zone Administrator:</p> <p> Name:</p> <p> Title:</p> <p> Phone:</p> <p> E-mail:</p> <p>Application Type:</p> <p> <input type="checkbox"/> Single (one locality) Enterprise Zone</p> <p> <input type="checkbox"/> Joint (more than one locality) Enterprise Zone</p> <p>If Joint application, list all participating localities:</p> <p>Certification of Chief Administrative Officer:</p> <p><i>To the best of my knowledge and belief, data in this proposal is true and correct and the governing body of the participant has duly authorized the proposal through resolution. The resolution is attached.</i></p> <p>Signature: _____ Date: _____</p> <p>Name:</p> <p>Title:</p>	<p>Type of Amendment (check all applicable boxes):</p> <p><input type="checkbox"/> Boundary deletion</p> <p><input type="checkbox"/> Boundary amendment</p> <p><input type="checkbox"/> Incentive amendment</p> <p>Number of existing non-contiguous areas present in locality's zone:</p> <p><input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 2 <input type="checkbox"/> 3</p> <p>(If your zone has one "subzone" check box "1")</p> <p>Non-contiguous areas added or deleted as part of amendment application:</p> <p><input type="checkbox"/> 0 <input type="checkbox"/> 1 <input type="checkbox"/> 2</p> <p>Total non-contiguous zone areas after amendment: _____</p> <p>Enterprise Zone Public Hearings Held:</p> <p><input type="checkbox"/> Single Application (one hearing)</p> <p><input type="checkbox"/> Joint Application (one hearing in each locality); or</p> <p><input type="checkbox"/> Joint Application (joint hearing)</p> <p><input type="checkbox"/> Advertisements attached</p> <p><input type="checkbox"/> Minutes attached</p> <p><input type="checkbox"/> Resolutions attached</p> <p><input type="checkbox"/> Local assurances attached</p> <p><input type="checkbox"/> Joint application agreement attached (joint zones only)</p> <p>Locality has submitted all annual reports required to date:</p> <p><input type="checkbox"/> Yes</p> <p><input type="checkbox"/> No</p> <p>Amendment requests will not be processed until locality's annual reporting requirements are fulfilled.</p>
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I. Zone Size

Complete this section only if this amendment modifies the zone boundaries. Delete this section if your amendment is for incentive modification only.

A. Basic size limits are determined by the type of locality. Each locality in a joint zone may have the maximum zone acreage for that type of locality. If this is a joint amendment application, Question A must be completed for each locality. For joint applications, duplicate the check boxes for as many localities participating in the zone. List the locality's name next to each duplicated box. **Refer to Appendix II on page 15 for zone size limits and boundary modification requirements.**

Type of locality:

- ☐ County: _____
☐ Consolidated City: _____
☐ Town (existing town zones only)/City: _____

Size guideline option used:

- ☐ Basic land size minimum and maximum
☐ 7 percent of land area (Cities and Towns only)
☐ 7 percent of population (Cities and Towns only)

B. Complete the chart below showing the size of the zone after the proposed modifications. For joint zones, please list each locality's zone size adjustments on a separate line. Additional rows may be added to the table as needed. Zone size guidelines can be found in Appendix II on page 15.

Locality	Current zone size in acreage	Proposed deletion size in acreage	Proposed addition size in acreage	Amended zone size in acreage (total acreage)

I. Zone Size

C. Map Requirements - Required only for boundary amendments.

Place required maps at the end of the application. For each of the required maps, joint applications must submit one map showing the entire zone area. The required maps must be able to fit inside a legal size mailing envelope. Each of the required maps must be produced at the same scale. GIS generated maps are preferred. Topographic maps are discouraged. **Zone administrators MUST submit a draft boundary amendment map to DHCD prior to holding the public hearing for review.**

Map 1. - Map of the locality indicating the current and amended boundaries of the enterprise zone area. **Please indicate the amended zone boundaries (areas to be added) with a heavy, dashed red line. Also shade the areas proposed for deletion. Indicate the existing zone boundary with heavy, solid red line.** All required features listed in the charts must be included on each map.

Required Features Included on Map (where present in zone)
Major Streets/Roads/Highways Labeled (dark gray lines)
Modified Zone Boundaries identified by red dashed line
City/County/Town limit lines identified by dashed blue line
Key Businesses/Employers
Key Properties/Revitalization Project Areas
Airports
Major Railways
Ports of Entry
Office or Industrial Parks
Special Districts
Developable Land

Map 2. - Map of the modified enterprise zone boundary indicating the existing land use characteristics according to the following classifications:

Privately-Held Land

Business/Commercial
Industrial
Institutional
Single-family residential
Multi-family
Agriculture
Parking
Mixed-use (or "Other")

Publicly-Held Land

State/Federal Land
Local publicly owned land in use
Unused local public land
Parks & Recreational Areas
Parking

Indicate on this map the total zone acreage and the approximate number of acres devoted to each type of use.

Map 3. - Map of the modified enterprise zone showing the boundaries of existing zoning districts. (If the area is not zoned, this map is not required.)

II. Boundary Deletion

Complete this section only if this amendment deletes acreage from the zone. Delete this section if your amendment is for a boundary addition or incentive modification only. Boundary deletions cannot consist of the removal of a site of a single business, cannot be less than 10 acres, and cannot exceed 15 percent of the total enterprise zone acreage for the locality. DHCD reviews boundary deletions on a case-by-case basis and requires assurance that the applicant has based their decision on reasonable and careful consideration.

- A. Describe the areas proposed for deletion from the zone. Briefly explain the locality's(ies) rationale for deleting the area(s) from the zone.
- B. Identify the number of property and business owners in the deleted area and how they were notified of the decision. The local governing body must **separately notify each property owner and each business owner located within the area of the proposed deletion two weeks prior to holding the public hearing**. A copy of this notification letter must accompany the amendment application. Publication of an ad in the local newspaper does not, by itself, meet this requirement but may be used as an additional form of notification.
- C. Summarize (using bullet points) any comments received from these owners as well as comments made at the public hearing regarding the deletion.
- D. Discuss the impact of this decision on the revitalization efforts in the area(s) to be deleted and on the overall economic development efforts of the locality. Briefly identify future plans for the area(s).

(Limit response to space provided.)

III. Boundary Addition

Complete this section only if this amendment adds acreage to the zone. Delete this section if your amendment is for a boundary deletion or incentive modification only. Boundary additions cannot consist of a site for a single business and cannot be less than 10 acres in size. Counties with enterprise zones can include acreage within corporate town limits, provided the acreage addition falls within the total zone size requirements for the locality. Towns with enterprise zones CANNOT add portions of the unincorporated areas into the zone through the amendment process.

Describe the areas proposed for inclusion into the zone boundaries. Indicate if the added areas are contiguous to existing zone boundaries or will count as one of the three total non-contiguous zone areas per locality. Briefly explain the strategic importance of adding the area(s) to the zone. Discuss relevant economic conditions, economic development/ revitalization efforts occurring within the proposed addition. Quantify this information where possible.

(Limit response to space provided.)

IV. Incentive Amendment

Complete this section only if this amendment modifies incentives. Delete this section if your amendment is for boundary modification only. All zones are required by statute to offer local enterprise zone incentives. Localities should regularly review their incentive package to ensure utilization by businesses and effectiveness in attracting/expanding targeted business sectors within the zone. In the case of boundary amendments to include corporate town limits, the town functions as part of the county's zone boundaries and is not required to offer local incentives but may do so. Refer to Appendix III on page 17 for more information about local incentives.

- A. Why are the local incentives being modified? (Discuss utilization, any changing trends or special circumstances affecting the decision to modify.)
- B. What aspects of the incentives are being modified and why? Explain the research that the modification is based on (i.e. survey of zone businesses).
- C. Has the modified incentive package or new incentive(s) been reviewed by the local governing body's attorney and determined to be legal? ☐ Yes ☐ No
- D. Are incentives deleted as part of the amendment proposal? ☐ Yes ☐ No
If yes, complete the following chart concerning the required replacement incentive and explain (below the chart) why the incentive is being deleted. For example, the creation of a regional water/waste water facility may necessitate amending the city's existing water and sewer hookup fee incentive because the city no longer collects these fees and therefore cannot rebate them.

Additional rows may be added to the chart as needed. Local incentives can be deleted if replaced by incentives that are equal or superior to those in the application or most recent amendment.

Contact DHCD staff to discuss your plans to modify incentives prior to holding the public hearing.

Existing Incentive (by locality)	Replacement Incentive (by locality)	Justification for replacement

(Limit section IV responses aside from the above chart to the space provided plus one additional page.)

IV. Incentive Amendment

- E. Incentive Package. Complete this section only if this amendment modifies incentives. Delete this section if your amendment is for boundary modification only. Provide information for **new and existing** incentives. This chart may be reproduced to accommodate all incentives. Identify new or revised incentives with an asterisk. **This chart will replace the current chart in your Enterprise Zone designation application. Refer to Appendix III on page 20 for an example of how to complete this chart.**

Locality Offering the Incentive:	
Incentive #, Name, and Description:	Provider:
	Qualification Requirements:
	Period of availability:
	Source of funds:
Financial Value of Incentive:	Effective date:
	Exclusive to Zone: <input type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to zone

Incentive #, Name, and Description:	Provider:
	Qualification Requirements:
	Period of availability:
	Source of funds:
Financial Value of Incentive:	Effective date:
	Exclusive to Zone: <input type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to zone

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Appendix I: Public Hearing and Resolution Requirements

Public Hearing Requirements

A local governing body must hold **at least one public hearing** on the application for Enterprise Zone amendment **prior to** the locality's passage of its enterprise zone resolution and prior to submission to DHCD. A copy of the advertisement of the public hearing **and** the public hearing minutes must accompany the application.

For a joint application, each participating local governing body may either hold a separate public hearing or schedule a joint public hearing.

Public Hearing Advertisement Requirements

- ❑ Ads must be published once a week for two successive weeks in a newspaper of general circulation.
- ❑ The final advertisement cannot be published less than five days or more than twenty-one days prior to the hearing.
- ❑ The ad must give the time, date, and location of the hearing.

The complete requirements for conducting public hearings are stated in §15.2-2204, Code of Virginia.

Important information regarding joint zone amendments

- Localities participating in a joint zone can choose to amend their respective portions of the zone application simultaneously through the submission of one amendment application. However, this is not required. Participants in a joint zone may amend their portion of the zone independently of each other.
- Each locality can only amend their portion of the zone application once every twelve months from the approval date of their last amendment.
- **All localities participating in the joint zone (regardless of whether or not they are amending their portion of the zone) must pass approval resolutions and sign joint application agreements for any amendment made by a partnering joint applicant.**
- DHCD will not process any amendment application until the applicant or applicants in the case of a joint zone amendment are up to date on their annual reporting requirements.

Minimum Resolution Format Requirements

While DHCD does not provide a template for zone amendment resolutions, **we outline the minimum requirements below which can also serve as the framework for a resolution.**

Single Jurisdiction--Resolutions accompanying single locality applications for enterprise zone amendment should state that the local governing body:

- ❑ Is applying for enterprise zone amendment;
- ❑ Authorizes its chief administrator (or clerk where there is no chief administrator) to submit all information needed to apply for a zone amendment.
- ❑ Authorizes its chief administrator (or clerk) to meet other program administrative and reporting requirements, as defined by the Enterprise Zone Regulations, throughout the life of the zone.

Joint Application--Separate resolutions are required of each participating locality and should state that:

- ❑ The local governing body is applying for enterprise zone amendment jointly with other localities (provide names);
- ❑ One jurisdiction (provide name) is designated to act as program administrator;
- ❑ The local governing body authorizes the chief administrator (or clerk) acting as program administrator to submit all information needed to apply for an enterprise zone amendment and to carry out all program administrative and reporting requirements on its behalf;
- ❑ The local governing body authorizes the chief administrator (or clerk) acting as program administrator to carry out all program administrative and reporting requirements on its behalf, as defined by the Enterprise Zone Regulations, throughout the life of the zone.
- ❑ Each jurisdiction participating in a joint EZ application has completed a Joint Application Agreement. **See page 14 of appendix for format of agreement.**

Appendix I: Local Assurances

Local Assurances and Authorizations are used to certify the accuracy of the information provided by the applicant and to insure that the Program Regulations will be met. **Important:** All applications must include a certified resolution from the local governing body. If a joint application, include resolutions of each local governing body. **Attach the resolutions at the end of the amendment application.** Joint applications must also include Joint Application Amendment Agreement (JA) - refer to page 14 of the appendix.

As the representative of the local governing body of _____, I hereby certify that:
(locality)

1. The information in the Enterprise Zone application is accurate to the best of my knowledge.
2. A public hearing was held by the aforementioned locality to solicit comments on this request for application amendment. A copy of the public hearing advertisement and a copy of the public hearing minutes are attached.
3. Any local enterprise zone incentives proposed by the aforementioned locality in the Enterprise Zone application represents a firm commitment by the locality and have been reviewed by the local governing body's attorney as to their legality;
4. It is understood that if at any time the aforementioned locality is unable or unwilling to fulfill a commitment to provide local enterprise zone incentives, or if no state enterprise zone incentives have been utilized within a five-year period, the zone shall be subject to termination.

Chief Administrator: _____

Title: _____

Date: _____

Appendix I: Joint Application Agreement

Each jurisdiction participating in a joint application must complete the following form. This form insures that all jurisdictions are in agreement with the application being submitted by the amending jurisdiction. Completed joint application amendment agreements should be attached at the end of the amendment application.

JOINT APPLICATION AMENDMENT AGREEMENT

As the representative of the local governing body of _____, I hereby certify that:
(locality)

1. The aforementioned locality is in agreement with the other participating localities in filing this amendment;
2. Any local enterprise zone incentives proposed by the aforementioned locality in this amendment application represent a firm commitment;
3. It is understood that if at any time the aforementioned locality is unable or unwilling to fulfill a commitment to provide local enterprise zone incentives listed in this application, the zone shall be subject to termination; and
4. A public hearing was held on _____ to solicit comments on application.
(date)

Chief Administrator's signature

Date

Name: _____

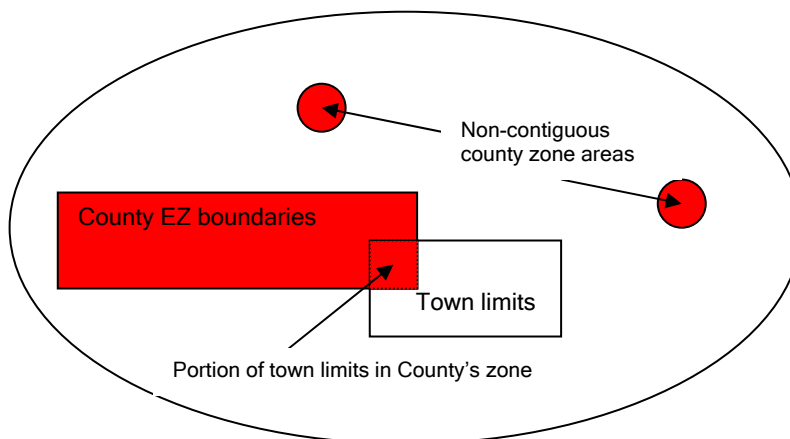
Title: _____

Appendix II: Zone Size Requirements and Configurations

<p>Size Limits for Zones in Towns and Cities</p> <p><u>Minimum</u>: one-quarter (1/4) square mile (160 acres). <u>Maximum</u>: one square mile (640 acres). <u>Exception</u>: may be larger than one square mile provided it does not exceed seven percent of the locality's land area or it does not encompass more than seven percent of the locality's total population. To calculate the population exception, use the Weldon Cooper Centers' most recent final (not provisional) population estimates for the locality. The following is link to the Weldon Cooper Public Service Center: http://www.coopercenter.org/demographics/POPULATION%20ESTIMATES/</p>	<p>Size Limits for Zones in Unincorporated Areas of Counties</p> <p><u>Minimum</u>: one-half (1/2) square mile (320 acres). <u>Maximum</u>: six square miles (approximately 3,840 acres).</p> <p>Size Limits for Zones in Consolidated Cities</p> <p>Zones in cities where the present boundaries have been created through the consolidation of a city and county (Chesapeake, Hampton, Newport News, and Virginia Beach) or the consolidation of two cities (Suffolk and Richmond), must use the minimum and maximum size guidelines for zones in unincorporated areas of counties described above.</p>
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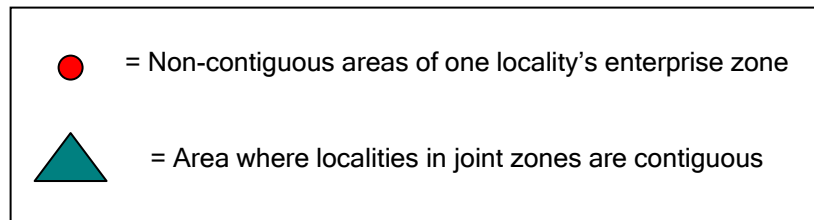
Single zone: An enterprise zone located entirely within a single jurisdiction. The locality's zone can consist of three non-contiguous zone areas. A county zone including areas within incorporated town limits constitutes a single zone and town acreage is considered part of the county's zone acreage.

Counties can amend their zone boundaries to include part of the corporate town limits as part of the zone. This addition does NOT constitute a joint zone. The acreage within the town limits counts towards the county's maximum zone acreage. Towns added into the county acreage are not required to offer local enterprise zone incentives, but may.

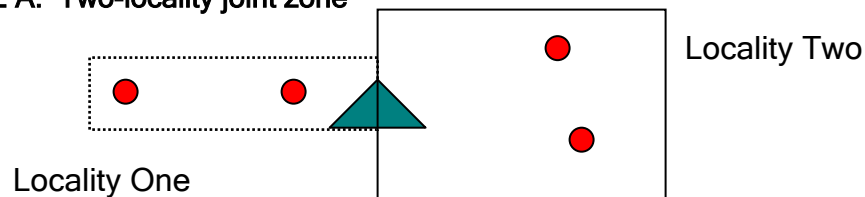


Appendix II: Zone Size Requirements and Configurations

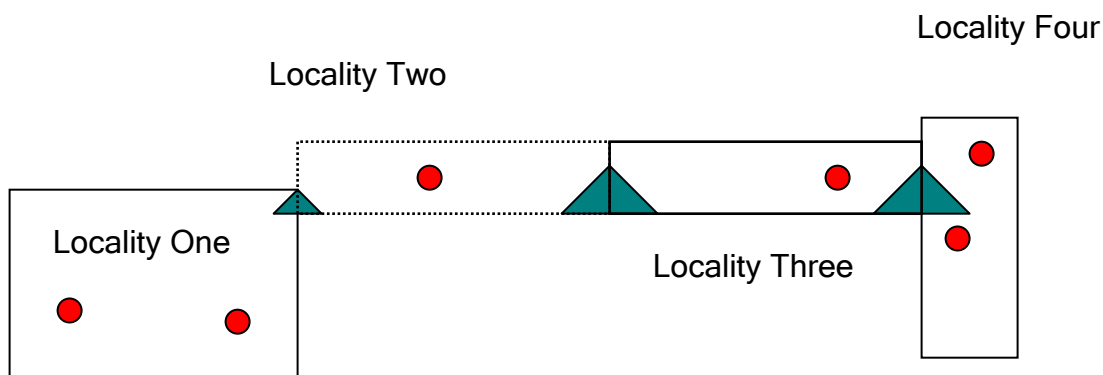
Joint zone: An enterprise zone located in two or more jurisdictions. Each locality's portion of the joint zone can consist of up to three non-contiguous geographic areas relative to that locality. The three non-contiguous areas comprise that locality's total zone size and the acreage of all three non-contiguous areas must meet the total size requirements for that type of locality. If a locality participates in a joint zone and also has two other zone designations, each of the three zones can consist of three non-contiguous areas. In the case of the joint zone, one of the locality's three possible zone areas must be contiguous to at least one other participant's zone area. The following are some examples of joint zone configurations:



EXAMPLE A: Two-locality joint zone



EXAMPLE B: Four-locality joint zone



Appendix III: Incentive Amendments

Local incentives are a critical part of the success of an enterprise zone and they should be selected carefully. It is important for a locality to determine the mix of incentives that will best assist them in overcoming the specific barriers to development within their zone and that support targeted businesses. The number of incentives a community has is not as important as having incentives that are specifically designed to address identified barriers and support targeted businesses. **If no zone businesses have qualified for a particular local incentive for more than one year, it is time to examine that incentive and begin the dialogue with DHCD about amending your incentive package. Local incentives that require a business to qualify for state incentives are HIGHLY discouraged.**

1. Role of Local Incentives

- Local incentives should help address the locality's economic conditions and barriers to economic development efforts.
- Local incentives should be tailored to attract/enhance new and existing targeted business sectors.
- Local incentives should fill in the gaps of the state incentives.

2. Constitutionality of Local Incentives

Because Virginia is a Dillon Rule state, localities have very little authority to offer local tax incentives unless expressly allowed through the Code of Virginia. Thus, the Virginia Enterprise Zone Grant Act gives participating localities the permission to offer a variety of incentives to businesses.

In addition, local enterprise zone incentives must in no way violate the Virginia Constitution. Article 10, Section 1, of the Virginia Constitution is the Uniformity Clause and it specifies that taxation must be uniform in territory, subject, and class. In the case of the Enterprise Zone program the concern is with "territory," which means that taxation must be uniform throughout an entire locality. This is true unless there is state enabling legislation that allows otherwise. **The local governing body's attorney should review local incentives to ensure their compliance with the Virginia Constitution.**

The following are some simple guidelines for offering common local enterprise incentives:

Real estate tax exemption: Virginia Code sections 58.1-3220 and 3221 serve as the enabling legislation and give all localities the authority to offer exemptions on real estate tax when certain conditions are met. This incentive can be offered locality wide, not just within the zone. In such cases where this incentive is offered locality-wide, the incentive criteria needs to be customized in the zone in order to be considered as a local enterprise zone incentive. **Real estate tax abatement, refunds, or rebates are prohibited under the State Constitution.**

Machinery and tools tax grants: The Uniformity Clause applies and there is no enabling legislation to allow for the exemption of this tax. Therefore, a locality wishing to offer an enterprise zone incentive related to the machinery and tools tax must first collect the tax uniformly from all appropriate taxpayers across the locality -those within the enterprise zone as well as those outside the zone. Once the tax is collected, the locality may offer businesses a grant based on their machinery and tool tax. This is usually done through the local Industrial Development Authority. **Machinery and tools tax abatement, refunds, or rebates are prohibited under the State Constitution.**

Business-Professional Occupational License tax, utility tax, or permit fees: The Uniformity Clause, does not apply to these taxes and fees. Localities are free to offer these incentives in the form of rebates, refunds, and abatements.

Appendix III: Incentive Amendments

3. Examples of Local Incentives

An incentive that is available throughout a locality will not be considered an enterprise zone incentive unless special actions are taken to encourage greater utilization of the incentive within the proposed enterprise zone or a greater benefit is provided within the zone (i.e. lower qualification threshold or larger grant amount). Local governments provide a variety of financial and non-financial incentives to encourage economic growth and investment. The following list is not inclusive but serves as an example of the most frequently offered local enterprise zone incentives:

Local Enterprise Zone Development Taxation Program: Section 58.1-3245.6 through Section 58.13245.11 of the Code of Virginia enables designated zone localities to establish a Local Enterprise Zone Development Taxation Program. Incremental tax revenues generated from real property or machinery and tools, or both can be used to establish an enterprise zone development fund to pay for enhancements to government services that promote economic development.

Tax Exemption: §58.1-3221 of the Code of Virginia enables localities to defer the taxes on the increase in assessed value as a result of the rehabilitation of real estate for structures at least 15 years of age in enterprise zones and 20 years of age elsewhere in the jurisdiction.

Local Tax Rebates: business occupational license fees, local sales tax on items purchased in the community for conduct and trade of business in the enterprise zone.

Business Loans: facade improvement loans for both commercial and industrial properties, low interest loan funds for start-up and expansion, revolving loan funds composed of local and private funding sources.

Housing Loans: down payment assistance, single family housing loans, single family housing and multi-family rehab loans.

Fee Waivers: permit fees, sewer and water tap fees, utility fees.

Public Improvements: highways, streets, sidewalks, water and sewer systems, signals, etc.

Job Training: targeted training programs to meet business needs.

Non-financial: fast track permitting, loan packaging assistance, and design assistance.

Suggested Rationale to Use When Developing Local Enterprise Zone Incentives

- a. Incentives should be directly linked to actions that are consistent with local enterprise zone revitalization and development goals.
- b. Survey existing zone businesses to gain feedback on existing local incentives and recommendations for new local incentives.
- c. Establish performance baselines that provide a threshold for qualification. Incentives should reward firms that make a commitment to invest in a zone by creating new jobs and/or investment.
- d. Develop measurable incentives.
- e. Incentives should represent sound fiscal policy and not provide an excessive level of benefit that would be inappropriate from an economic point of view.

Appendix III: Incentive Amendments

4. Local Incentive Qualification Requirements

A locality should establish qualification requirements for each of its local incentives so that the incentives allow for a good return on investment for the locality (i.e. private investment or jobs leveraged). These requirements should be reasonable (not too restrictive) so that businesses can actually qualify. The detailed qualification requirements for each local incentive should be outlined in writing and approved by the local governing body prior to the submitting the amendment to DHCD. As part of this process, pertinent terms of the incentive qualifications should be defined as should the process for incentive application approval, life of the incentive, and the value of incentives. For example, if a locality is offering a machinery and tools tax grant based on the creation of five new jobs the locality needs to define “new jobs” for the purposes of the incentive qualification. Continuing with this example, would “new jobs” be considered net new, permanent full time and would there be any wage or benefit requirements in this definition?

In addition, a locality may establish conditions on the availability of such incentives. For example, a locality may propose to make grant funds available to new businesses during the first five years of zone operation. It may propose a three-year utility tax exemption for new or expanding firms or propose to restrict the availability of low-interest business loans to new firms locating in the zone that agree to meet certain locally-set hiring requirements. **Conditions should NOT require businesses to qualify for a state incentive in order to qualify for a local incentive.**

5. Financial Value of Incentives

The quantity of local enterprise zone incentives offered is not as important as the quality of local incentives. The incentives should be meaningful and beneficial to targeted business sectors. For example, if the cost of water and sewer service is higher in the county than in the city, the county zone may consider offering a water/sewer hookup fee incentive to help offset its higher service fees. The financial impact of the water/sewer hookup fee incentive should provide a considerable reduction, not just mere pennies in savings. Some incentives may have a different type of monetary value but can still have a valuable impact on the business. For example, if crime and vandalism to zone businesses is an issue, free consultations with the Crime Prevention through Environmental Design (CPTED) planner with the police department can be a valuable incentive where the value of the incentive would be the “consultant” market rate or police employee wage for such training.

6. Local Assigned Agents

A locality may designate an assigned agent, such as a local redevelopment and housing authority, a nonprofit entity or a private for-profit entity, to provide local incentives. This arrangement should be documented by a written commitment from the agent.

7. Termination

Section §59.1-284 of the Virginia Enterprise Zone Grant Act describes two circumstances that can result in the termination of a designated zone. First, in the event the local government or an assigned agent is unable or unwilling to provide regulatory flexibility, tax incentives or other public incentives as proposed in the application for zone designation, the zone may be terminated. This is avoidable if the applicant is able to amend the application by substituting an incentive that is equal or superior to the incentive originally approved. Second, if no business firms in an enterprise zone have qualified for state incentives within a five-year period, the zone will be terminated.

Appendix III: Incentive Amendments

As part of the incentive amendment application, complete the incentive chart to include **all** incentives to be offered upon approval of the incentive amendment. See the example below on how to complete the chart.

Locality Offering Incentive: EZONE City	
<p>Incentive #, Name, and Description: (#1) Broadband access connection. EZONE City will reimburse business 50 percent of cost to bring off-site fiber connectivity to building, not to exceed \$2,000.</p> <p>This incentive functions to attract high-tech companies to zone and diversify locality's economic base.</p>	<p>Provider: EZONE City</p>
	<p>Qualification Requirements: Must be a business needing high-speed Internet access and creating at least five (5) full-time jobs. Full time jobs are defined as net new to Virginia, permanent full time positions earning wages at least 1.5% times the Federal minimum wage and offered health benefits.</p>
	<p>Period of availability: Life of zone</p>
	<p>Source of funds: Local general funds</p>
<p>Financial Value of Incentive: Dependent on cost of fiber connection, not to exceed \$2,000 per business.</p>	<p>Effective date: January 1, 2005</p>
	<p>Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to zone</p>
<p>Incentive #, Name, and Description: (#2) Downtown Revitalization Job Grant of up to \$500 per net new job per year for three consecutive years. Job Grant is capped at \$2,500 per firm per year.</p> <p>This incentive serves to attract new /enhance existing retail, local service, and restaurants to historic downtown, consequently reinforcing the downtown as tourist destination. This incentive compensates for inability of such businesses to tap into state job creation grants.</p>	<p>Provider: EZONE City - Dept. of Tourism and Economic Development</p>
	<p>Qualification Requirements: Business must be located within downtown portion of zone, be engaged in a retail, restaurant, or local service trade, and create at least three new permanent full time jobs. New permanent full time jobs must be net new to Virginia.</p>
	<p>Period of availability: First five years, subject to renewal or replacement upon review of incentive.</p>
	<p>Source of funds: EZONE City general fund</p>
<p>Financial Value of Incentive: Up to \$2,500 total to a qualified business in a given year and up to a total grant amount of \$7,500 for three years.</p>	<p>Effective date: January 1, 2005</p>
	<p>Exclusive to Zone: <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No, if no please explain how incentives will be tailored to zone</p>